

Audit's[®] NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

Realty Trust Review

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RELATIVE APPEAL RANKINGS AND PORTFOLIO ADVISORY

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PORTFOLIO ADVISORY: 19 SHARES UPGRADED AND 15 REDUCED TO REFLECT MARKET MOVES

The market for REIT shares moved sharply higher the past two months -- some profit taking last week notwithstanding -- and drove some prices to the point of full to generous pricing. Most trusts in this category are trusts whose portfolio and management quality is now so widely recognized that something of a buying panic in their shares has pushed prices near historic pricing peaks.

The panic is caused by widespread belief that most REIT problems are behind and that gradual real estate recovery will restore many trusts to their former peaks. But evidence that the real estate recession still carries a sting surfaces daily. Items: stalwart dividend payers like Real Estate Investment Trust of America and Hotel Investors both cut their dividends in recent weeks as earnings declined. For many large and deeply troubled REITs the real estate recession will last for years, and it's significant that many recent credit agreements are fixing on workouts stretching five to eight years. This is a time to stick with reasonable quality, except for mad money which may be put into the deeply troubled trusts (mainly via bonds) selectively. We haven't forgotten the large mortgage trusts; rather their problems are so big and complex they take much longer to resolve and hence present special risks.

Against this backdrop we've changed rankings for about 25% of the trusts we follow: 19 trusts are upgraded in ranking and 15 reduced. RELATIVE APPEAL RANKINGS are designed to pinpoint shares most attractive for current purchase, mainly with continuing income and potential capital gains in mind. Because market leadership is constantly rotating, some stocks inevitably must become less attractive after price runups limit their potential, while others come to the fore. We've made relatively few ranking changes the past year because the market has been relatively static. Now the dramatic year-end price surge has changed that picture, necessitating many changes. Here is our reasoning for the changes (which you are free to accept or reject):

Reductions in Rankings

Rankings are reduced for several reasons. First, shares have moved up sharply and reached price objectives. Because we want your portfolio performance to be the very best possible, we're compelled not to continue giving high rankings to shares selling near suspected peaks, even when portfolio and management quality is above

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question. Lower rankings at these junctures is equivalent to a sell or lighten signal; it is a market judgment rather than a qualitative judgment. Rankings are thus reduced for these trusts, all of high but widely recognized quality: Connecticut General M&R and Washington REIT, both from No. 1 Highest Appeal to No. 2 Above Average Appeal; Equitable Life M&R and MONY Mortgage both from No. 2 Above Average to No. 3 Average Appeal. General Growth Properties continues as No. 1 Ranking because its price has moved up only 10% the past year and its appeal remains undiminished.

Second, prospects may dim or become uncertain. In this category Federal Realty falls from No. 2 to No. 3 Average Appeal reflecting our continuing concern about overhanging dilution from its June 1976 share offering. Real Estate Investment Trust of America, an old-line conservatively managed equity trust with extremely low leverage, also moves from No. 2 to No. 3. REITA cut its quarterly from 35¢ to 30¢, first cut in six years reflecting slippage in bringing new shopping center space to income status and some vacancies.

Third, troubles may deepen. We've decided to include "substantial negative net worth" as an additional criterion for seriously troubled trusts because these trusts face extremely steep comeback roads. Non-dividend paying trusts falling from No. 5 Average Speculative Appeal to No. 5# Serious Problems are: Barnett Winston Investment, Chase Manhattan M&R, Citizens & Southern Realty (now with \$35 million negative equity after its Sept. 1976 quarter), Citizens Growth, First of Denver Mtg., Guardian Mtg., IDS Realty (now working on a major debt restructuring), Independence Mtg., and Plaza Realty (reflecting continuing inability to agree with banks on a new credit agreement).

Increases in Rankings

Trusts are elevated in ranking for several reasons. First, new evidence suggests fundamentals have improved and problem investments have peaked. Dividend payers upgraded on this basis include Realty Income Trust and United Realty, both moved from No. 3 Average to No. 2 Above Average. United Realty received \$7 million from two loan payoffs and used funds to reduce bank debt; URT now expects to resume lending and investment later this year. Realty Income has high yield (see RTR, Sept. 24).

Moving up from No. 4 Below Average to No. 3 Average are: Baird & Warner Mtg., BankAmerica Realty, Mortgage Growth Inv., and Nationwide RE, all because problems seem to be abating slowly. Pacific Southern jumps from No. 5 non-dividend to No. 4 Below Average for dividend payers because it resumed payouts.

One step below are seven trusts upgraded from No. 5 Average Speculative to No. 5* Above Average Speculative are CleveTrust Realty, First Fidelity Inv., Hanover Square Realty, UMET Trust, U.S. Bancorp R&M, Virginia REIT, and Wisconsin REIF. Fundamentals have improved in all and UMET resolved a lengthy impasse when its banks bought out a dissident Michigan bank which had been blocking a new credit agreement. C.I. Realty gets a full 5* ranking because we feel its current S.E.C. probe no bar.

Four trusts have solved serious credit problems and now look like they will have money to continue operating; they are upgraded from No. 5# Serious Problems to No. 5 Average Speculations: Alison Mtg., Diversified Mtg., LMI Investors, and TIERCO (formerly Gulf South). Alison completed a successful cash tender, buying \$17.56 million, or 70%, of its 8-3/4% senior subordinated notes due 1979 at 30¢ on each dollar face amount. The deal produces about \$12 million gain on debt extinguishment, restores a good portion of negative net worth and lets a new credit agreement become effective. LMI restored positive net worth by buying 60%, or \$15 million, of its \$25 million 6-3/4% subordinated debentures due 1982, also paying 30¢ on each dollar. LMI simplified its tender and got overwhelming response in one week over a holiday. A major new credit agreement thus becomes effective and the offer is extended until Jan. 24. Both successes remove threat of imminent bankruptcy for these trusts but they are still long-shot recovery speculations.

The cash tender game will have another entrant in early February when Justice Mtg. expects to offer \$330 per \$1,000 face amount of its 7-3/4% senior subordinated debentures. - First Mortgage Investors is negotiating extension of credit beyond a Feb. 28 maturity with its banks and, with bank consent, will seek to offer holders of its 8% senior debentures maturing July 1, 1977 the option of either a modest premium over current 50 price in cash now or payout over five years. Hunt Building Corp. of El Paso, Tex. is offering \$4/sh. for 625,000 shares, or 25%, of Property Trust of America, equity-mortgage combination trust also of El Paso. And Fidelity Mtg., in Ch. XI, has tentative agreement to settle \$180 million debt for about 60¢ per \$1.

RELATIVE APPEAL RANKINGS AND LATEST RESULTS

Relative Appeal (RA) Rankings, shown in the extreme left column, give Audit Investment Research's current view of attractiveness of current share purchases. Dividend paying trusts are ranked from 1 to 4 based upon capital preservation and income outlook. Non-dividend paying trusts are ranked No. 5 with gradations shown below. Each trust comment contains brief advice on suitability of both shares and bonds. Average market risk is assumed for all share purchases. Changes in rankings are indicated by ↑ UP ↓ DOWN. Relative Appeal Rankings for DIVIDEND PAYING trusts mean:

- 1--Highest appeal with lowest market risk, dividend outlook stable to up.
- 2--Above average appeal, somewhat higher market risk, some quarterly dividend variations.
- 3--Average appeal and market risk, larger dividend fluctuations or resummptions possible.
- 4--Below average appeal, high market risk, large dividend cuts or omissions possible.

NON-DIVIDEND paying trusts are ranked No. 5, are not recommended for income investors, but may have special appeal as speculations upon dividend resumption, trust recovery, or price changes based on money market rates. Gradations are:

- * Speculative potential: Book value believed reasonably sound; possible dividend resumptions; possible buyout offers.
- # Serious problems: SEC trading halt; no auditor's opinion; debt defaults; Chapter XI; neg. equity; banks calling loans.

Portfolio Shows: invested assets in millions of dollars (M); % of problem, non-earning assets; & property type mix.

Financing shows: leverage ratio of all debt to shareholder equity; current financing arrangements.

Results compare latest quarter earnings and dividends with previous quarter. Share amounts are shown unless indicated as million dollars (M). EPS=earnings per share; CFS=net cash flow per share. Data, rankings and advice reviewed bimonthly.

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- ↑ 5-ALISON MTG (2/13/6-Inter. mtg.-Oct FY) CAN END REIT. Port.: \$230M, 79% nonearning; Mix: 33% condos, 16% apts., 15% land. Financing: \$30M Neg. equity; \$172M credit at 1% minimum inter., to 10/77 initially, with contingent interest and asset pledge; \$18M 8-3/4% sr. debentures tendered at 30. Results: July Q d\$1.74 v. d\$4.79. Bonds: Buy/Hold. Shares: Avoid
- 5-AMER CENTURY (4/15/4-ST mtg.-June FY) Port.: \$150M, 75% nonearning; 48% foreclosed; Mix: 27% condos, 19% land, 37% office & hotel, 10% apts. Financing: 7.2 leverage; \$98M credit at 5% minimum interest, ending 10/1/78, + contingent int. for 10 yrs.; Swapping \$8M loans. Results: Sep. Q d42c v. d71c after 35c loss prov. Bonds: OK for yield. Shares: Trading
- 5-AMER FLETCHER (4/15/4-ST mtg.-Jan FY) NON-QUAL REIT. Port.: \$88M, 93% nonearning & reduced rate; 63% foreclosed; Mix: 33% condos, 31% land & devel., 14% apts. Financing: 12.5 leverage; \$60M credit to 4/30/77 at 2% inter. with contingent interest; repaid \$3M. Results: Oct. Q EPS d\$1.32 after 44c loss prov. v. d\$1.02 after 9c loss prov. Shares: Trading
- #5-AMER REALTY (8/12/4-Eq&Mtg-Sep FY) Port.: \$42M, 33% nonearning; Mix: 32% mortgages, 68% equity mainly hotels/motels Washington, D.C. area. Financing: 4.5 leverage; \$16.3M demand notes secured by asset pledge; SEC probe and suit; no auditor's opinion 1975. Results: June Q EPS d76c after 20c gain & 88c loss prov. v. d50c. Bonds & shares: Avoid
- 4-API TRUST (No review-Equity-Mar FY) Port.: \$53M, 6% nonearning; 70% in 26 shopping centers, most net leased, & 23% in mtgs. Financing: 3.4 leverage; 50% by mortgages on property, 50% by short-term loans. Results: Sept. Q EPS 21c v. 49c after 21c capital gain; CFS 31c; Sept. div. 10c unch. Shares: Lee Nat'l may offer preferred for shares
- 5-ATICO MTG. (11/11/4-ST mtg.-Oct FY) NON-QUAL REIT. Port.: \$165M, 83% nonearning, 34% foreclosed; Mix: 47% condos, 28% land & devel., 15% apts. Financing: 5.8 leverage; \$101M credit at 1 1/2% cash inter. to 3/77 + 4-yr. contingent inter.; \$86M assets up for swaps. Results: Oct. FY EPS \$2.02; Oct. Q d78c after 16c gain v. d82c before 95c gain. Bonds: Risky. Shares: Trading, play on Florida condo recovery
- 5-ATLANTA NATL (4/15/4-LT mtg.-Aug FY) NON-QUAL REIT. Port.: \$36M, 73% nonearning; Mix: 25% medical, 24% condo, 23% apts. Financing: 1.1 leverage; \$15.6M credit at 132% of prime, assets pledged; Missed Aug. interest; Must liquidate to repay debt by Jan.'78. Results: Aug. Q EPS d43c v. d50c after loss prov. Shares: Unattractive near-term because of liquidation
- ↑ 3-BAIRD & WARNER (11/14/5-ST mtg.-July FY) Port.: \$42M, 33% nonearning; 32% industrial, 17% condos, 15% apartments. Financing: 1.3 leverage; Bank lines cut \$15M to \$32M (\$14M borrowed). Dividends: Four 24c qtrly. from FY'76 income; FY'77 div. after end of year. Results: Oct. Q EPS 13c after 17c gain v. d34c. Converts: Speculative yield. Shares: Further recovery potential
- ↑ 3-BANKAMERICA RLTY (1/16/6-Eq&Mtg.-July FY) Port.: \$252M, 28% nonearning; Mix: 54% mtgs., 46% equity: 27% apts., 20% shop. ctrs., 20% office, 14% hotel. Financing: 3.7 leverage; \$82M comm. paper, \$33M bank notes, \$30M secured mtgs. Results: Oct. Q 21c, no loss prov. v. 3c after 56c gain & 59c loss prov; Div. 10c v. 5c. Buying 25T shs. Converts: For yield. Shares: Buy for recovery
- 5-BARNES MTG (12/9/4-ST mtg.-Sep FY) Port.: \$103M, 61% nonearning; Mix: 47% condo, 24% land; 28% Puerto Rico, 36% Florida. Financing: 2.7 leverage; \$79M bank lines at 125% of prime, expired 7/30/76; Negotiating new credit. Results: Sept. Q EPS d\$1.13 v. d60c after 28c loss prov. Shares: Trading or very long-term recovery
- #5-BARNETT MTG (3/12/6-ST mtg.-Mar FY) NON-QUAL REIT. Port.: \$156M, 93% nonearning; Mix: 38% condos, 18% apts., 18% land. Financing: \$14M neg. equity; \$84M credit at 1% + contingent inter.; Swapped \$66M more assets (total \$182M) but debt reduction goals in default; Sept. 1 subor. debt inter. not paid. Results: Sep. Q EPS d\$2.93 after 63c swap gain v. \$1.82 after \$6.00 gain on swaps. Bonds: Avoid. Shares: Avoid
- ↓ #5-BARNETT-WINSTON (8/12/4-Inter. mtg.-Sep FY) NON-QUAL REIT. Port.: \$101M, 86% non- & low earn, 62% foreclosed; Mix: 38% apts., 31% land & devel., 11% condos. Financing: High leverage; \$31M credit to 6/77 at prime + 8-yr. contingent; Dec. deb. interest unpaid. Results: Sept. Q EPS d\$1.48 after 90c loss prov. & 34c gain v. d73c after 34c swap gain & 54c loss prov. Bonds: For swaps. Shares: Avoid
- 5-BENEF STD MTG (12/9/4-ST mtg.-July FY) CAN END REIT STATUS. Port.: \$72M, 72% nonearn; 45% foreclosed; Mix: 29% land & devel., 21% condos, 12% apts. Financing: 21.6 leverage; \$46M revolver to 12/76 at 125% prime, no compensating balances; no contingent interest. Results: Oct. Q EPS d24c v. d\$1.53. Converts: Speculative yield. Shares: Trading
- 5-BRT REALTY TR (12/10/3-Eq&Mtg-Nov FY) Port.: \$26M, 74% nonearning; Mix: 28% hotel/motel, 25% condos, 22% land & devel. Financing: 1.8 leverage; \$14.7M revolver at 125% of prime to 9/16/77. Results: Aug. Q EPS d35c after 11c loss prov. v. d35c. Shares: Long recovery
- 5-BT MTG INVESTORS (2/13/6-ST mtg.-Sep FY) CAN END REIT STATUS. Port.: \$155M, 68% nonearning, 23% foreclosed; Mix: 34% apts., 15% land, 10% nursing homes. Financing: \$4M neg. equity; \$114M credit at 4% minimum, to 9/77, with contingent int.; Sponsor Bankers Trust N.Y. lends 55% credit. Results: Sept. Q EPS d\$2.70 v. d51c after 48c loss prov. Bonds: Speculative yield. Shares: Trading
- #5-BUILDERS INV (6/10/4-ST mtg.-Sep FY) NON-QUAL REIT. Port.: \$391M, 92% nonearning; 44% condos & 1-family, 23% land & devel., 10% suspended projects. Financing: Negative equity; \$373M debt restructured at 1% inter. to 9/77, higher after, with asset pledge & contingent inter. Results: June Q EPS d9c after \$2.04 swap gain & \$1.69 loss prov. v. 52c. Shares: Avoid
- 5-CABOT C&F LAND (4/9/6-Subor. land-May FY) CAN END REIT. Self-admin. Port.: \$245M, 68% non- & 6% low earning; 51% foreclosed; 28% undevel. land, 72% completed props.; 16% office, 31% apts. Financing: 8.4 leverage; \$109M bank debt at 5% + cont. int. if earned @ 1/2% over prime to 5/78. Results: Nov. Q 60c after 75c adjustments & 14c gains v. 23c after 27c gain. Bonds & shares: Avoid
- 5-CAMERON-BROWN (10/14/4-ST mtg.-Dec yr) NON-QUAL REIT. Port.: \$147M, 37% nonearn, 46% low-earn; 51% foreclosed; 35 1/2% apts., 27% land & develop., 18% condos. Financing: 5.4 leverage; \$106.1M credit at 3% min. int. expired 4/1/76 & extension & default waivers sought. Results: Sept. Q EPS d85c v. d75c. Shares: Trading buy if credit signed

RELATIVE APPEAL RANKINGS - continued from page 3

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 5-CAPITAL MTG(6/10/4-ST mtg.-Dec. FY) NON-REIT PWR. Port.: \$126M, 71% nonearn, 47% foreclosed; Mix: 30% land, 28% condos; 55% Md. & Vir. Financing: High leverage; \$80M credit at 2% min. inter. retroactive to 2/1/76 signed, ending 3/77, with contingent inter. to 1983. Results: Sep. Q EPS d33c v. 43c after \$1.68 swap gain & 85c loss prov. Shares: Trading only
- 5-CENTRAL MTG (12/9/4-ST mtg.-Mar FY) Port.: \$34M, 56% nonearn, 26% low-earn; 29% land acqui., 26% apts., 20% comcl. & indust. Financing: 2.1 leverage; \$24M credit with banks, at 117% of prime rate. Results: Sept. Q EPS d44c after 43c loss prov. v. d36c after 28c loss prov. Shares: Hold for long-term recovery
- ↓ #5-CHASE MANHATTAN MTG(3/12/6-ST mtg.-May FY) NON-REIT PWR. Port.: \$869M, 63% nonearn, 15% foreclosed; Mix: 21% land & devel.; 19% condos, 20% office, 16% shop. ctrs. Financing: \$61M Negative equity; \$761M credit at 2% inter., with contingent inter. to 1983-87; Ends 12/31/76 but extended if prin. repayments made; \$99M swaps. Results: Aug. Q EPS 85c after 86c gain v. d74c after \$3.77 loss prov. & \$3.14 gain. Bonds: Cash tender for 7-7/8 sr. notes possible, swap on others. Shares: Trading
- #5-CI MTG GROUP (6/10/4-ST mtg.-Oct FY) NON-QUAL REIT. Port.: \$317M, 91% nonearn., 34% foreclosed; Mix: 43% apts., 15% office, 12% condos. Financing: High leverage; Signed \$284.5M five year credit at 2% cash interest (but accrued at 3½%), increasing to 6% at maturity 6/30/80; contingent inter. to 1985; all assets pledged; \$43M swap bids received. Results: Oct. Q EPS d\$1.02 after 62c loss prov. & 17c gain v. d92c after 73c loss prov. SEC probe continues. Shares: Trading only
- ↑ #5-CI REALTY INV (10/8/6-Equity-Feb FY) NON-REIT POWER. Port.: \$172M, 12% nonearn, 5% foreclosed; Mix: 90% ownership, 5% mtgs.: 66½% apts., 29% office. Financing: 2.9 leverage; \$125M debt is \$98M mtgs. on property, \$28M bank credit to 12/31/76 at 130% of prime. Selling apts. to repay banks. Results: Aug. Q EPS d7c v. d3c; CFS 16c v. 15c. SEC probe cont. Shares: Long term recovery; buyout
- 5-CITINATIONAL DEV (No review-ST mtg.-Mar FY) Port.: \$15M, 82% nonearning; Mix: 30½% office, 28% 1-family. Financing: 0.6 leverage; \$4.5M (\$2.1M 9/76) notes at prime to 3/77 when back inter. due. Results: Sept. Q EPS d7c v. 5c. Shares: Limited interest
- ↓ #5-CITIZENS & SO RLTY(3/12/6-ST mtg.-Sep FY) NON-QUAL REIT. Port.: \$520M, 66% nonearn; Mix: 22% condos, 23% land, 20% apts.; 44% Ga., 23% Fla. Financing: \$34M neg. equity; \$359M credit at 1% cash inter. to 9/78, + contingent inter. to 1985. Results: Sept. FY d\$11.73; Sept. Q EPS d\$9.46 v. d\$1.04; \$250M asset swap. Bonds: Buyout speculation. Shares: Avoid or trade
- ↓ #5-CITIZENS GROWTH (8/12/4-Equity-Jan FY) Port.: \$37M, 24% nonearn; Mix: 24% office, 23% motels, 21% improved land. Financing: 3.1 leverage; \$9M credit at 6% with contingent inter. & assets pledged, interest default. Results: July Q EPS d64c after 12c loss prov. & 4c capital loss v. d78c after 31c loss prov. Shares: Avoid for now
- #5-CITIZENS MIT (2/13/6-ST mtg-Dec FY) NON-QUAL REIT. Port.: \$83M, 76% nonearn; 63% foreclosed; Mix: 26% land & devel., 23% condos, 20% apts. Financing: \$16M neg. equity; \$60M term loan expired 10/5, 2% inter., plus contingent inter.; Swapping assets. Subor. notes int. missed. Results: Sept. Q EPS d\$1.89 after \$1.10 loss prov. v. d87c after \$1.06 loss prov. Bonds: Swapout speculation. Shares: Avoid
- ↑ #5-CLEVETRUST RLTY (8/12/4-LT mtg.-Sep FY) NON-QUAL REIT. Port.: \$124M, 64% nonearn; Mix: 33% apts., 21% comcl., 17% land, 17% office. Financing: 2.9 leverage; \$63.8M two-yr credit at prime but not over 7½%; contingent inter. for 4-6 yrs. Results: Sept. FY EPS d40c; Sept. Q EPS 15c after 25c gain v. d14c. Shares: Hold for long-term recovery
- 5-COLWELL MTG(2/13/6-ST mtg.-Dec FY) VOTED NON-REIT. Port.: \$177M, 33% nonearn, 16% low, 36% foreclosed; 41% apts., 13% hotel/motel, 11% shop. ctrs. Financing: High leverage; \$120M credit at 2% cash inter. + cash flow + contingent inter; pledging assets. Results: Sept. Q EPS d\$1.51 after \$1.60 loss prov. Bonds: Avoid; Noteholder committee formed. Shares: Avoid
- ↓ 2-CONN GEN M&R(7/9/6-LT mtg.-Mar FY) Port.: \$368M, 8% nonearn, 4% low; 9% foreclosed; 34% regional shop. ctrs., 30% apts., 15% indust., 10% office. Financing: 2.4 leverage; \$268M debt is 31% comm. paper, 4% ST bank loans, 28% LT loans, 8% mtgs., 29% converts. Results: Sep. Q EPS 29c v. 32c after 18c loss prov.; CFS 36c v. 39c; Div 40c unch.; Sponsor may buy shares. Shares: Hold long term
- 3-CONSOL CAP RL (5/14/6-Equity-Nov FY) Port.: \$142M, 0 nonearning; 70% apts. with 6,253 units, 15% shop. ctrs., 15% GNMA's. Financing: All mortgages secured by property. Results: Aug. Q CFS 58c v. 47c; EPS 21c v. 12c; Div. Jan. monthly 16.84c unchanged & about 78c taxfree capital return due low mtg. amortization. Shares: Speculative income, over book
- 2-CONT ILL PROP (1/16/6-Equity-Oct FY) Port.: \$189M, 3% nonearning; Mix: 69% apts. with 5,800 units, 29% in 5 shop. ctrs. Financing: 0.9 leverage; \$39M bank lines and \$53M mortgages on property. Results: Oct. FY \$2.12; Oct. Q EPS 11c v. \$1.46 incl. 6c gain on currency rates & \$1.33 loss. prov. recovery; July CFS 35c before gain v. 34c; Oct. Div 32c unch. Shares: Buy long term
- 5-CONT ILL RLTY (2/13/6-ST mtg.-Mar FY) CAN END REIT Port.: \$273M, 76% nonearn; Mix: 28% condos, 22% apts, 18% land & devel. Financing: High leverage; \$222M at 4% minimum inter. plus contingent inter., maturing 6/1/77. Results: Sep. Q EPS d42c after 32c loss prov. v. d7c. Bonds: Buyout/swapout speculation. Shares: Trading or very long-term recovery
- #5-CONTINENTAL MTG(11/11/4-ST mtg.-Mar FY) NON-QUAL REIT. Port.: \$621M, 92% problem; 16% foreclosed; 26% condos, 22% recreation, 18% land. Financing: \$90M neg. equity; Filed Ch. XI 3/8/76 & liquidation ordered but stayed by Chapter X filing October 22. Results: June Q EPS d1c v. d\$4.48 after \$3.82 loss prov. Active SEC probe. Bonds & shares: Avoid
- 5-COUSINS MTG&EQ (3/12/6-LT mtg.-Aug FY) NON-QUAL REIT. Port.: \$294M, 69% nonearn; Mix: 35% apts., 24% land/devel., 16% hotel/motel. Financing: 14.0 leverage; \$205M credit at 4% inter., plus contingent inter. thru 1986; Credit matures 12/31/76; Swapping assets; Results: Nov. Q EPS d40c v. d\$2.80 after \$1.39 gain; Bonds & shares: Trading
- 3-DENVER REIA(1/13/5-Equity-Dec FY) Port.: \$45M, 0 nonearning; Mix, by revenues: 31% apts., 22% shop. ctrs., 22% motel, 21% off. & comm., 4% mtgs.; all Col. except one Texas apt. Financing: 3.6 leverage; \$28M property mortgages, \$5M debentures. Results: Sep. Q EPS 7c v. 12c; CFS 20c v. 19c, low mtg. amortization; Dec. div. 15c unch. Shares: Hold for income
- ↑ 5-DIVERSIFD MI(8/12/4-Inter. mtg.-Dec FY) NON-QUAL REIT, Self-adm. Port.: \$327M, 59% nonearn, 24% foreclosed; Mix: 45% secondary homesites, 6% primary homesites, 19% raw land, 27% prop. Financing: 3.9 leverage; \$230M loan agree. at 7½% plus contingent interest to 130% prime. Results: Sep. Q EPS d\$1.31 after 19c swap gain v. d\$1.09 after 14c. Shares: Avoid
- #5-DOMINION M&R(No review-ST mtg.-May FY) NON-QUAL REIT. Port.: \$43M, 93% nonearn, 73% foreclosed; Mix: 45% condos (mostly Fla.), 17% motels, 14% apts., 8% shop. ctrs., 16% other. Financing: \$3M neg. equity; \$20M bank notes called Mar. 19; 3 banks sued 6/76; May deben. int. not paid. Results: May FY EPS d\$9.56; May Q EPS d\$5.61 after \$4.13 loss prov. v. d\$2.12. Bonds & shares: Avoid
- ↓ 3-EQUIT LF MTG(7/9/6-LT mtg.-Oct. FY) Port.: \$396M, 9% nonearning; Mix: 29% shop. ctrs., 20% tracts and land, 10% office, 10% apts., 8% condos, 17% other. Financing: 2.0 leverage; \$260M debt is 60% comm. paper, 24% notes, 12% master notes, 3% conv. Results: Oct. Q EPS 54c after 11c loss prov. & 9c gain v. 51c; Jan. Div. 55c + 4c yr-end v. 50c. Shares & bonds: Buy long term
- ↓ 3-FEDERAL RLTY(4/9/6-Equity-Dec. FY) Self-administered. Port.: \$23M, No nonearning; Cash flow 39% apartments, 61% shopping centers; Wash., D.C. area. Financing: 1.1 leverage; \$13.5M debt, all secured mtgs.; Sold 340T shares at 12½ June 16. Results: Sept. Q EPS 18c v. 31c year ago; Dec. Div. 31c unch. Shares: Hold, near-term dilution
- 5-FIDELCO GROW(5/9/5-LT mtg.-Nov. FY) NON-QUAL REIT. Port.: \$132M, 74% nonearning; Mix: 22% land (developed & raw), 31% condos, 14% apts., 13% hotels; 32% Penn., 22% Fla.; Financing: 4.2 leverage, \$99M debt renegotiation hinges on major swap. Results: Aug. Q EPS d\$2.09 after 98c loss prov. v. d\$1.42 after 60c loss prov. Shares: Avoid

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- #5-FIDELITY MI (No review-ST mtg.-Oct. FY) NON-QUAL REIT; Self-adm.; Chap. XI Jan. 1975. Port: \$217M, 93% nonearn, 45% foreclosed. Mix: 36% commercial, 33% residential, 32% land. Financing: \$53M Negative equity; \$133M ST bank debt, \$26M senior bank debt, \$18M subord. Preliminary agreement for debt repayment. Results: July Q EPS 8c v. d\$1.30. Shares: Avoid
- 5-FIRST COMMERCE (12/9/4-ST mtg. Dec. FY) CAN END REIT. Port: \$41M, 80% nonearn; 54% foreclosed; Mix: 34% land, 31% condos & singles; 60% La., 40% other South. Financing: 1.5 leverage; \$29M credit at 117% prime plus 1/2 of unused. Results: Sept. Q EPS d\$1.90 after \$1.58 loss prov. v. d\$2.56 after \$2.28 loss prov.; Sponsor bought \$14M loans; Shares: Avoid till progress shown
- 4-FIRST CONTNL (8/8/5-ST mtg. Feb FY) Port: \$46M, 10% nonearn, 7% foreclosed; Mix: 49% constr. loans, 42% development, 8% land; 90% Tex. Financing: 1.4 leverage; \$32M credit @ 1/2 over prime, 10% + 10%; must pledge assets equal to debt if demanded. Results: Nov. Q EPS 22c v. 20c; div 22c v. 20c; Making new commitments. Shares: Speculative income
- #5-FIRST DENVR MI (10/14/4-ST mtg. Sep FY) NON-QUAL REIT. Port: \$127M, 83% nonearning; Mix: 22% land, 18% condos-recreation, 16% condos-urban, 11% motels. Financing: \$6M negative equity; Seeks extension of \$103M credit retroactively, to 2% inter. + contingent inter. Results: June Q EPS d\$6.18 after \$4.81 loss prov. v. d\$1.25; Delisted. Shares: Avoid
- *5-FIRST FIDELITY (No review-Equity-Nov FY) Port: \$32M, 14% nonearning; Mix: 60% shop. ctrs., 25% office; Financing: 3.1 leverage; \$29M secured mtgs. Results: 6 mon. May EPS d20c; Div. two 7c specials. Shares: Recovery/buyout speculation
- 5-FIRST MEMPHIS (9/9/4-LT mtg. Nov FY) NON-QUAL REIT. Port: \$78M, 51% nonearning; Mix: 10% land, 16% condos & singles, 17% offices, 10% industrial, 13% hotels, 27% apts. Financing: 8.6 leverage, Credit \$49M at 125% of prime; Renegotiating, loan swap planned; Results: Aug. Q EPS d49c v. d36c after 36c loss prov. Sold 8M apt. Shares: Avoid till workout progresses
- #5-FIRST MTG IN (6/10/4-ST mtg. Jan FY) NON-QUAL REIT. Port: \$567M, 79% nonearn; 46% foreclosed; Mix: 32% hotel/motel, 23% apts., 17% land, 15% condos; Financing: \$58M Neg. equity after pfd. at par; Debt restructured to 2/77, \$386M credit at 1% up to Fed. Res. discount rate if earned; Results: July Q EPS d83c after 32c gain & 99c loss prov. v. d40c aft 52c gain & 67c LRP. Bonds: For asset swaps. Shares: Avoid
- 5-FIRST PENN MT (10/14/4-ST mtg. Jul FY) NON-QUAL REIT. Port: \$184M, 80% nonearn, 56% foreclosed; Mix: 29% condos, 31% comcl. & indust., 12% singles, 19% land; 24% Fla. Financing: 5.4 leverage, \$118M credit at 4% min. cash + accrual to prime + contng. to 130% prime. Results: Oct. Q d58c v. d\$2.29 after \$1.57 loss prov. Converts: Speculative yield. Shares: Trading
- 2-FIRST UNION (4/9/6-Equity Oct FY) Port: \$160M, 6% low earning; Mix: 70% major office, 25% shop. ctrs., 5% motor inns; internally managed. Financing: 3.8 leverage; \$129M debt: 65% secured mtg., 22% short, 13% conv., selling preferred. Results: Oct. Q EPS 21c v. 26c after acct. chg. added 11c in year; CFS 29c v. 28c; Jan. div. 25c v. 25c. Shares & Bonds: Buy for income
- #5-FIRST VIRGINIA (8/12/4-Inter. mtg.-Jun FY) CAN END REIT, Self administered. Port: \$93M, 63% nonearning; Mix: (Problems) 38% condos, 21% land, 18% apts.; 37% Virginia, 30% Fla. Financing: 23.9 leverage; \$52M credit to 12/79 at 4% + accrual to 125% of prime, Note int. paid. Pledging assets. Results: Sept. Q EPS d72c v. d61c; SEC probe. Bonds & Shares: Avoid, ASE delist
- #5-FIRST WISCONSIN MT (No review-ST mtg.-Dec FY) Port: \$185M, 97% nonearn, 55% foreclosed; Mix: 28% condos, 29% apts., 24% land; 43% southeast, 29% midwest; Financing: 11.7 leverage, \$137M bank debt @ 1% to 5/80. Results: Sept. Q EPS d\$1.30 after \$1.08 loss prov. v. d\$1.31 after \$1.10 loss prov.; No 1975 auditor's opinion. Shares: Avoid
- *5-FLATLEY RLTY (11/26/6-Eq&Mtg.-June FY) Port: \$22M, 45% nonearn; 44% foreclosed; Mix: 35% apts., 47% shop. ctrs.; 91% Mass. Holdings: 94% equity, 6% loans. Financing: 2.4 leverage, \$16M debt 87% secured mtgs. Results: Sept. Q EPS 4c v. 77c after 85c loss prov. recovery. Shares: Buy pending workout progress, recovery toward book value possible
- 2-FLORIDA GULF (5/14/6-Equity-Apr FY) Port: \$32M, one vacancy caused by Grant liquidation; Mix: 93% shop. ctrs. (strip) 7% offices; all Florida. Financing: 1.1 leverage, \$17M debt secured mtgs. Results: Oct. Q EPS 14c v. 14c in '75; CFS 32c; div. 32c unch., 57% tax-free; One vacant Grant leased for early '77. Shares: Buy for yield
- *5-FRANKLIN RLTY (12/10/6-Eq&Mtg.-Jun FY) NON-QUAL REIT, mgmt. services. Port: \$45M, high vacancies; Mix: 64% equity, 31% mtgs. Equity: 13 offices midwest & Fla., 5 apts., 2 motels, 1 land tract. Financing: 5.1 leverage; \$39M debt: 47% secured, 40% short, 13% conv. Results: Sept. Q EPS d20c after 9c writedown v. d13c. 9M loans sold. Converts: Hold. Shares: Buyout
- 3-FRASER MTG (11/26/6-ST mtg.-May FY) Port: \$48M, 18% problems; Mix: 15% constr., 17% land, 20% completed projects, 38% long-term; 31% Ohio, 25% Fla. Financing: 2.1 leverage; \$36M debt short term; Results: Nov. Q EPS 24c v. 25c after 3c loss prov.; div. 25c unch. Shares: Hold for recovery
- 1-GENERAL GROW (5/14/6-Equity-Sep FY) Port: \$234M, 0 problems; Mix: 65% shop. ctrs. (major Midwestern malls), 24% apts., 7% motels. Financing: 4.8 leverage; \$192M debt: 68% secured mtgs. Results: Sep. Q EPS 31c v. 27c; CFS 38c v. 35c; Dec. div. 35c unch., over 50% tax-free. Shares: Buy longer term growth, unique development ability
- 5-GOULD INVST (3/10/5-Equity-Sep FY) Port: \$43M, 13% nonearning; Holdings: 84% equity, 16% mtgs. Properties- NYC office (19% of port.), 6 apts., 9 shop. ctrs.-strips, 8 restaurants, 7 land leasebacks. Financing: 4.6 leverage; \$36M debt, 87% secured mtgs. Results: Sept. Q CFS 17c after 9c gain v. 40c + 5c gain; EPS d17c after 9c gain; Sept. FY CFS \$1.01 after 13c gain. 1976 yearend div. 10c. Shares: Avoid
- 3-GREIT RLTY (8/8/5-Equity-Oct FY) Port: \$40M, 1% nonearning; Mix: 58% shop. ctrs., 31% offices & urban stores, 8% apts., 3% mtgs. Financing: 2.6 leverage; \$27M debt: 97% secured mtgs. Results: July Q EPS 18c before 87c capital loss in 9 mos. v. 11c; CFS 29c v. 22c; Jan. div. 10c unch.; Est. under 80c EPS in Oct.FY. Shares: Speculative income
- #5-GRT AMER M&I (3/11/4-ST mtg.-Jul FY) NON-QUAL REIT. Self-adm. Port: \$380M, 95% nonearning; Mix: 42% apts., 14% condos, 18% land. Financing: \$53M neg. equity; \$273M credit @ 1% w/contin. inter.; Offer preferred for subor. debt; int. missed. Results: July FY 54c after \$4.66 gain & \$4.81 loss prov., Q d66c; No auditor opn. Shares: Avoid Bonds: Avoid
- #5-GUARDIAN MI (3/12/6-ST mtg.-Feb FY) NON-QUAL REIT. Port: \$466M, 81% nonearn, 40% foreclosed; Mix: 33% land, 22% condos, 11% apts., 15% hotel/motel. Financing: Neg. equity; \$394M credit w/contingent inter.; offering \$283M swaps; unsure of repayment. Results: Aug. Q EPS d\$1.15 after 73c loss prov. & 45c gain v. d79c. Bonds: Buyout candidate. Shares: Trading
- 5-GULF MTG&RLY (2/13/6-LT mtg.-Feb FY) NON-QUAL REIT. Port: \$139M, 68% nonearning; Mix: 30% apts., 21% land, 15% motels, 10% offices; 74% Southeast. Financing: 7.9 leverage; \$75M credit to 1/18/77 at 4% plus contng. inter. to 125% prime, renegot. lower cash interest. Results: Aug. Q d77c after 27c loss prov. v. d47c. Shares: Avoid. Bonds: Hold for now
- 5-HAMILTON INV (11/12/3-ST mtg.-Dec FY) NON-QUAL REIT. Self-adm. Port: \$117M, 43% nonearn, 13% low; Mix: 50% apts., 14% condos, 12% offices, 10% shop. ctrs.; 24% Okla., 20% Fla. Financing: 6.5 leverage; \$86M credit @ 3/4 or net income w/contingent inter. to 130% prime, forgiven 8/86. Results: Sep. Q EPS d10c v. d10c. Shares: Avoid for now
- *5-HANOVER SQ RL (12/10/6-ST mtg.-Aug FY) Port: \$44M, 26% nonearn, 22% low-earn; Mix: 60% residential, 21% shop. ctrs., 10% offices, 8% land; 29% NY, 18% Fla., 17% No. Car. Financing: 2.8 leverage, \$30M credit @ 124% prime. Results: Nov. Q EPS d17c after 19c recovery v. d33c. Converts: Speculative income buy. Shares: Buy/hold for recovery

Relative Appeal Rankings - Continued from page 5

RA--TRUST (date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 5-HEITMAN MTG(11/11/4-ST mtg.-Dec FY) Port.: \$179M, 50% nonearning; Mix: 32% shop. ctrs., 25% condos, 18% offices, 16% apts., 8% hotels; 28% Ill., 13% other Midwest, 20% Cal. Financing: 12.4 leverage; \$125M credit @ 4% w/conting. interest; \$27M swap. Results: Sept. Q EPS 4¢ after 15¢ loss prov. v. 14¢ after 17¢ loss prov. & 25¢ swap gain. Converts: High risk hold. Shares: Avoid
- 5-HNC MTG&RLTY(4/15/4-LT mtg.-Oct FY) NON-REIT. Port.: \$118M, 67% nonearning; 41% foreclosed; Mix: 24% condos, 16% land, 14% apts., 14% offices, 13% hotels, 9% entertainment ctr.; Financing: 7.5 leverage, \$86M credit to 2/78 at 5% with contingent inter. Results: Oct. Q EPS d57¢ v. d28¢ after 4¢ loss prov. To swap up to 60%, bids for \$10M. Converts: Buyout. Shares: Avoid
- 4-HOSPITAL MTG(10/8/6-LT mtg.-Feb FY) Port.: \$35M, 42% nonearning; Mix: 34% medical, 24% land, 19% apts., 17% condos; 2/3 Fla. Financing: 0.4 leverage; \$10M bank debt. Results: Nov. Q EPS 20¢ v. 15¢; div 15¢ unch. Shares: Trading, long recovery.
- 3-HOTEL INVSTR(12/12/5-Eq&Mtg.-Aug FY) Self-adm. Port.: \$81M, 8% nonearn; 47% equity/53% LT mtgs.; Mix: All hotels/motels nationally located; comcl. business travel oriented. Financing: 1.9 leverage; \$52M debt: 25% secured mtg., 43% long-term, 32% conv. Results: Nov. Q EPS 32¢ v. d12¢ after 56¢ loss prov., CFS 46¢; div. 32¢ v. 35¢. Shares & Bonds: Buy/hold speculat. income
- 3-HUBBARD REI(4/9/6-Equity-Oct FY) Port.: \$85M, 16% nonearning; caused by Grant vacancies. Mix: All net leased shop. ctrs. & stores except one office; lessees: 20% Safeway, 20% Ashland Oil, 20% Chrysler. Financing: 97% equity. Results: Oct. Q EPS 37¢ v. 33¢; div. 30¢ unch.; 5 of 11 Grant stores re-leased, others pending. Shares: Fairly priced
- *5-ICM REALTY(6/25/6-Subor. land-Nov FY) Port.: \$109M, 53% non- & low-earn; 31% foreclosed; Mix: 50% apts., 26% shop. ctrs., 15% land, 6% offices; 38% land purch.-leasebacks; Financing: 1.0 leverage; \$53M debt: 45% secured mtgs., 50% bank notes in renegot. for tech. default. Results: Aug. Q EPS 16¢ v. d\$1.07 after \$1.36 loss prov.; Div omitted, none expected soon. Shares: Hold
- ↓ #5-IDS REALTY TR(6/10/4-ST mtg.-Jan FY) NON-QUAL REIT. Port.: \$308M, 57% nonearning; Mix: 24% shop. ctrs., 28% land, 13% condos. Financing: \$10M Negative equity; \$118M credit @ 125% prime (\$50M) & 2% (\$68M); Must repay \$50M by 5/31/77; Subor. debenture holders waived redemption fund. Results: Oct. Q d\$13.41 v. d78¢ after 17¢ LRP. Shares: Avoid, NYSE Trading halt
- ↓ #5-INDEPENDENCE MTG(No review-ST mtg.-Jun FY) NON-QUAL REIT. Port.: \$148M, 94% nonearning; Mix: 33% condos; Biggest states: Fla., Texas, Virginia, Ill., Ga. Financing: \$9M neg. equity; \$120M credit 1% w/conting. inter & 110% collateral, expires 2/28/77; accepted \$21M swaps. Results: Sept. Q EPS d1¢ after 7¢ gain v. d\$4.69 after 55¢ gain. Shares: Avoid
- *5-INDIANA M&R(7/15/4-Eq&Mtg.-Jun FY) Port.: \$83M, 33% non-earn; Mix: (\$45 Mtgs.) 30% residential, 22% apts. & condos, 28% long term.; (\$33M Eq) 35% offices, 33% apts. Financing: 4.7 leverage; \$69M debt; \$43M Two-yr. credit @ 6% + 120% prime contingent. Results: Sep. Q EPS d77¢ v. d40¢. Shares: Hold, tender target
- 5-INSTITUT INV(1/13/6-ST mtg.-Jan FY) NON-QUAL REIT. Self-admin. Port.: \$161M, 76% nonearning; Mix: 27% apts., 27% condos, 13% singles; States: 18% Fla., 10% Cal., 9% Texas. Financing: 2.2 leverage; \$53M credit @ 1% w/conting. inter.; \$11M swap. Results: July Q EPS d78¢ after 48¢ loss prov. v. d19¢. Bonds: Trading & speculative income. Shares: Trading
- *5-INVESTOR RLTY(8/8/5-Eq&Mtg.-Nov FY) NON-REIT POWER. Port.: \$57M, 15% low earn. Mix: 60% apts., 15% shop. ctrs.; type: 88% owned incl. foreclosures & leasebacks, 12% mtgs. Financing: 2.4 leverage; \$41M debt, 69% secured, \$17M credit extended to 3/78 with restrictions. Results: Aug. Q EPS d11¢ after 4¢ loss prov. v. d22¢; CFS 1¢ v. d7¢. New adviser. Shares: Buy long-term recovery
- 3-JMB REALTY (8/8/5-Eq&Mtg.-Aug. FY) Port.: \$26M, 1% problem; Mix: 49% apts., 17% office, 17% shop. ctrs.; 53% wrap-around mtgs., 18% land leasebacks; Financing: 1.6 leverage; \$6M open lines from banks; Results: Aug. Q EPS 43¢ v. 30¢ after 15¢ loss prov.; CFS 49¢ v. 36¢; Nov. Div. 40¢ unchanged. Shares: Hold for speculative yield
- 5-JUSTICE MTG (3/12/6-ST mtg.-Sep FY) CAN END REIT. Port.: \$67M, 98% nonearn; 36% foreclosed; Mix: 31% land, 19% condos; 55% Texas. Financing: Negative equity; \$41M credit to 4/77 @ 2% + contingent inter.; assets pledged. Results: Sep. Q EPS d\$6.60 v. d\$1.38. Sep. FY d\$7.81. Bonds: Tender pending at 33. Shares: Avoid
- 5-KMC MTG INV (5/14/3-ST mtg.-Nov FY) CAN END REIT. Port.: \$34M, 89% nonearning; biggest borrower bankrupt; Mix: 35% apts., 23% land & devel., 19% condo; 58% Kentucky. Financing: 4.7 leverage; Signed \$21.8M two-year term loan at 0.75% over prime; Seeking default waiver. Results: Aug. Q d26¢. Shares: Limited speculative interest
- #5-LMI INVESTORS (2/13/6-ST mtg.-June FY) VOTING NON-REIT PWR. Port.: \$157M, 86% nonearning; Mix: 25% apts., 16% office, 13% shop. ctrs., Financing: \$3.6M Neg. equity; New \$102M credit to 12/81-inter. reduct. + accrual to prime payable at 2% or cash flow to maturity. Oct. deb. int. late, 60% tendered at 30; pledging assets. Results: Sep. Q EPS d\$1.34 v. d\$4.07; No auditor's opinion. Bonds: Tender to 1/24. Shares: Avoid
- 5-LINCOLN MTG (12/10/3-Eq&Mtg.-Mar FY) Self-admin. Port.: \$35M, 72% nonearn; 59% foreclosed; Mix: 74% apts, 11% one-family & mobiles. Financing: 13.6 leverage; \$13.7M credit with banks ½% over prime, requiring asset sale over several years. Results: Sep. Q d10¢ after 54¢ gain & 26¢ loss prov. v. 5¢ aft 58¢ gain. Bonds & shares: Avoid
- 4-LOMAS & NETTLETON MTG (11/14/5-ST mtg.-June FY) Port.: \$228M, 32% nonearn; 21% foreclosed; Mix: 33% land acq. & devel., 8% single-family; 50% Texas. Financing: 1.1 leverage; Borrows short & long-term from banks. Results: Sep. Q EPS & div. 21¢ v. 20¢; Shares: Limited near-term potential
- 3-M&T MTG INV (12/12/5-ST mtg.-Aug FY) Port.: \$42M, 4% nonearn; 3% foreclosed; Mix: 97% single-family const. & devel., all Texas. Financing: 1.8 leverage; \$27M bank borrowings, partly secured; sponsor provides compensating balances; \$11.1M unfunded commitments.; Results: Nov. Q EPS 28¢ v. 25¢; Div 26¢ unch. Shares: Buy for yield
- #5-MARYLAND RLTY (No review-ST mtg.-Nov FY) NON-QUAL REIT. Port.: \$21M, 46% non- & 26% low-earning; Mix: 33% apts., 31% land, 19% condos; All Fla. & Ga. Financing: 2.0 leverage; \$12.6M credit at prime to 11/77; Assets pledged. Results: Aug. Q EPS 2¢ after 16¢ gain v. d20¢; No auditor's opinion; SEC probe. Shares: Recovery speculation
- 2-MASSMUTUAL MTG (7/9/6-LT mtg.-Oct FY) Port.: \$205M, 12% non- & 6% low-earning; Mix: 35% shop. ctr. & retail, 27% apts.; 77% long-term mtgs. Financing: 1.3 leverage; \$43M borrowed under \$70M bank lines; \$71M subor. convert. debts. Results: Oct. Q EPS 27¢ after 5¢ loss prov. v. 27¢; Div 27¢ unch. OCT. FY EPS \$1.09. Converts: Safe yield. Shares: Buy/hold
- 5-MIDLAND MTG (3/12/6-ST mtg.-June FY) CAN END REIT STATUS. Port.: \$112M, 64% non- & low-earning; Mix: 35% apts., 30% condo. Financing: 21.0 leverage; \$80M credit to 9/78 with 3½% cash interest & accrual at 125% of prime; \$22M swap bids. Results: Sep. Q EPS d51¢ after 5¢ loss prov. & 2¢ gain v. d\$2.09 after \$1.19 loss prov. Bonds: Speculative yield. Shares: Trading interest
- *5-MILLER HENRY S (8/8/5-Eq&Mtg.-Feb FY) Port.: \$29M, 13% nonearn; 12% foreclosed; Mix: 56% shop. ctrs owned, 23½% land; Mostly Tex. Financing: 2.2 leverage incl. mtgs.; \$7.9M bank borrowings under \$12.7M credit at 1% over prime, to June 1, '77; \$12.7M mtgs. on prop. Results: Nov. Q EPS 18¢ after 2¢ gain v. 2¢ after 1¢ cap. gain. May resume div. this yr. Shares: Buy for LT recovery
- 5-MISSION INV (11/12/3-ST mtg.-Nov FY) INTENDS NON-REIT, Self-adm. Port.: \$37M, 72% nonearning; Mix: 36% land & devel., 26% residential, 39% commercial. Financing: 2.2 leverage; \$21M credit at prime (max 8½%) to Nov. 30, '76; Assets pledged. Results: Aug. Q EPS d17¢ after 2¢ loss prov. v. 18¢ aft 29¢ loss recovery. Shares: Trading/ very long recovery

RELATIVE APPEAL RANKING - continued from page 6

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing: Latest EPS results, dividends & advice

- 3-MONY MTG INV (7/9/6-LT mtg.-May FY) Port.: \$231M, 10% non- & 4% low-earn; 4% foreclosed; Mix: 37% office, 30% multifamily, 15% shop. ctrs.; 44% LT mtgs.; Making new commitments. Financing: 1.7 leverage; \$115M bank lines at prime; \$56M comcl. paper; Results: Nov. Q EPS 19¢ v. 20¢; Div. 23¢ v. 30¢ incl. cleanup. Convertibles: Safe yield. Shares: Hold for long-term
- 3-MORTGAGE GROWTH (10/8/6-LT mtg.-Nov. FY) Port.: \$41M, 16% nonearning, 56% low-earning; Mix: 60% apts., 22% office; 33% Calif. Financing: 0.5 leverage, \$9.4M 7-3/4% subor. converts held privately & \$4M secured mtgs; Results: Aug. Q EPS 6¢ before 10¢ gain convert. note repurchase, v. 6¢ before 4¢ gain; Nov. div. 12¢ unch. Shares: Spec. buy/hold for long-term recovery
- 5-MTG INV WASHINGTON (6/10/4-ST mtg.-Mar FY) Port.: \$104M, 52% nonearn; 27% foreclosed; Mix: 20% hotel/motel, 14% shop. ctr; 16% condo & townhouse; Financing: 5.2 leverage; \$53M at 11 1/2% of 1/2% over prime, agreed to 3/30/77; No comp. balances. Results: Sep. Q EPS d32¢ after 39¢ LRP v. d31¢ after 10¢ LRP; Qualified auditor's opinion; SEC probe dormant. Bonds & shares: Avoid
- *5-MTG TRUST OF AMER (8/27/6-ST mtg.-Nov. FY) Port.: \$137M, 58% nonearning; Mix: 20% land & devel., 25% condos, 20% apts.; 17% Calif.; Financing: 1.7 leverage; \$91 1/2M credit lines at full-rate interest; trust suggesting 10% commitment cut to banks. Results: Aug. Q EPS d44¢ after 6¢ loss prov. v. d52¢ after 39¢ loss prov. Shares: Buy/hold for recovery
- #5-NATIONAL MTG (5/14/3-ST mtg.-Feb FY) CAN END REIT, Self-adm. Port.: \$62M, 77% nonearning; Mix: 30% land, 18% commercial, 15% motels, 15% apts.; Financing: High leverage; \$37M secured credit; default on debenture interest; debenture holders clear settlement plan, confirm Chap. XI. Results: Aug. Q EPS d50¢ after 32¢ LRP v. d20¢. Shares: Avoid
- 3-NATIONWIDE RE (12/9/4-ST mtg.-Mar FY) Port.: \$41M, 30% non- & low-earning; Mix: 20% medical, 19% condos, 12% one-family; 38% Ohio, 19% Indiana; Financing: Leverage 0.8; Reduced bank lines to \$39M; Results: Sep. Q EPS 4¢ after 12¢ LRP v. 3¢ after 2¢ loss prov., Div. 4¢ v. 3¢, New commit. rising. Convertibles: High yield. Shares: Speculative long-term recovery
- 2-NEW PLAN REALTY (6/11/6-Equity-July FY) Port.: \$19M, 8% non- & low-earning; Mix: 60% shop. ctrs. owned, 24% industrial. Financing: 6.6 leverage; Debt 66% mtgs. on prop., 32% sub. deben. Results: July FY EPS 91¢ v. d92¢; monthly div 7 1/2¢, unch.; Shares split 2-for-1 May 17; Est. \$1.07 CFS FY '76. Shares: Buy/hold for income
- #5-NJB PRIME INV (12/10/3-Eq&Mtg.-Nov FY) NON-QUAL REIT. Port.: \$71M, 73% nonearning; Mix: 43% motor lodges/restaurants, 27% condos, 13% apts. Financing: \$400T Negative equity; \$59M credit ext. to 4/15/77; Tendering for all debentures at 22; not likely to pay inter. Results: Aug. Q EPS d51¢ after 11¢ loss prov. v. d\$1.27 aft 76¢ LRP. Bonds & shares: Avoid
- 4-NORTH AMER MTG (12/12/5-ST mtg.-Dec FY) Port.: \$163M, 31% non- & 33% low-earn; 39% foreclosures; Mix: 42% apts., 24% condos, 11% land & devel. Financing: 2.0 leverage; \$114 1/2M open bank lines. Results: Sep. Q EPS d36¢ after 17¢ LRP v. d8¢; Div. 5¢ to recordholders 10/29 last from '75 taxable income; Further divs in doubt. Bonds: Safe yield. Shares: Recovery potential
- *5-NORTHWESTERN FIN (12/10/3-LT mtg.-Dec FY) NON-QUAL REIT. Port.: \$51M, 50% nonearn; 32% foreclosed; Mix: 15% apts., 15% office, 14% land, 36% inter-long; 50% N. Caro. Financing: 1.0 leverage; \$27M revolving credit at 1/2% over prime, expires Aug. 31, '77 Results: Sept. Q EPS d11¢ after 7¢ loss prov. v. d39¢ after 35¢ loss prov. Shares: Recovery speculation long term
- 3-NORTHWESTERN MUT LF MTG (7/9/6-LT mtg.-Mar FY) Port.: \$259M, 9% non- & 8% low-earn; 11% foreclosed; Mix: 24% office, 23% shop. ctrs., 14% apts.; 56% permanent mtgs. Financing: 1.9 leverage; \$126 1/2M open bank lines; \$40M comcl paper. Results: Dec. Q EPS 22¢ v. 19¢; Div 25¢ unch. Converts: Safe. Shares: Buy LT
- *5-OLD STONE MTG (6/11/3-LT mtg.-Dec FY) Port.: \$30M, 12% nonearning; Mix: 16% shopping center, 16% office & industrial. Financing: 3.1 leverage; \$5M open bank lines at prime, plus \$7 1/2M term loan. Results: Sept. Q EPS d22¢ after 18¢ loss prov. v. d65¢ aft 42¢ LRP & 14¢ loss. Agreement: Sponsor Old Stone Corp. to exch. \$7, 10% convt. pf'd. for shares by 3/77. Shares: Buy/hold
- 4-PACIFIC SOUTHERN (No review-LT mtg.-Mar FY) Self-adm. Port.: \$10M, 31% nonearn; Mix: 61% comcl., 18% condo/townhouse; Plans equity investments. Financing: No borrowings. Results: Sep. Q EPS 16¢ v. 15¢. Dividend: 16¢ up 1¢. Shares: Long-term recovery speculation
- 2-PENNSYLVANIA REIT (5/14/6-Equity-Aug FY) Port.: \$71M, 1% nonearning; Mix: 38% apartments, 36% shopping centers. Financing: 3.2 leverage, nearly all mtgs. on property owned; borrows under \$7 1/2M bank lines. Results: Aug. Q EPS 35¢ v. 32¢; May Q CFS 42¢ v. 32¢; Div 57 1/2¢ semi-annually, unchanged. Shares: Buy/hold long-term for yield & gains
- #5-PLAZA REALTY (8/12/4-Eq&Mtg.-Dec FY) CAN END REIT. Self-adm. Port.: \$36M, 73% nonearn; Mix: 35% apts., 19% unimproved land, 16% shop. ctr.; 37% land leasebacks. Financing: 5.5 leverage, incl. \$15M mtgs.; Negotiating \$9M credit, interest past due 3/1, bank demanding repayment. Results: Sep. Q EPS d54¢ after 27¢ loss prov. v. d23¢. Shares: Avoid or trade only
- 3-PNB MTG & RLTY (12/10/6-LT mtg.-Sep FY) Port.: \$122M, 20% nonearning; Mix: 38% LT mtgs., 29% property owned; 38% apts., 21% office & indust., 19% condos. Financing: 1.8 leverage; \$66M bank lines; \$25M comcl paper. Results: Sep. Q EPS 10¢ v. 13¢ after 6¢ loss prov.; Div. 10¢ unchanged. Shares: Long-term recovery, possible dividend uptick
- 3-PROPERTY CAPITAL (4/9/6-Subor. land-July FY) Port.: \$82M, 22% nonearning; Mix: 34% apts., 30% office, 20% shop. ctrs.; 45% leasebacks, 37% LT mtgs. Financing: 2.1 leverage; Borrows under \$37M bank lines at 1/2% over prime. Results: Oct. Q EPS & div. 30¢, unchanged. Shares: Hold for yield & LT recovery; EPS vulnerable to prime rate rise
- 3-RLTY & MTG OF PACIFIC (RAMPAC) (6/13/5-LT mtg.-Nov. FY) Port.: \$89M, 16% non- & low-earn; Mix: 30% hotel/motel, 15% office, 12% apts.; 45% Calif., 21% Hawaii. Financing: 1.6 leverage; \$22M commercial paper backed by \$24M open lines; \$14 1/2M under \$25M term credit to Nov. '77. Results: Nov. Q EPS 32¢ after prepayment v. 18¢. Div. 29¢ v. 24¢. Converts & shares: Hold
- 3-REIT OF AMERICA (5/14/6-Equity-Nov FY) Port.: \$45M, below 1% nonearning; Mix: 41% shop. ctrs., 27% office, 14% industrial; 45% Calif., 14% Mass.; Expanding key Sacramento center, leasing slower than expected. Financing: 0.3 leverage, all mtg. debt. Results: Nov. FY \$1.15; Nov. Q EPS 25¢ v. 25¢ incl. 1¢ gain; Div. 30¢ v. 35¢. Shares: Hold long term
- 2-REALTY INCOME (9/24/6-Eq&Mtg.-Apr FY) Self-adm. Port.: \$78M, 38% non- & low-earn; 46% foreclosed; Mix: 26% apts., 28% office. Financing: 2.8 leverage; \$14M under \$23 1/2M bank lines at prime; \$20M term at 1 1/2% over prime to '77-80. Results: Oct. Q EPS \$2.27 after \$2.92 gain & 56¢ loss prov. v. 1¢; div. 35¢ v. 30¢. paying tax income; sold bank prop. Converts: Yield. Shares: Buy/hold LT
- 3-REALTY REFUND (9/12/5-Inter. mtg.-Jan FY) Port.: \$51M, no problems; Mix: 80% wraparound mtgs., 20% LT mtgs.; 43% apts., 21 1/2% office, 19% industrial. Financing: 1.7 leverage; \$17.2M credit at 1/2% over prime, ending Dec. '79, & \$15M at 1 1/2% over prime ending July '80. Results: Oct. Q EPS & div. up 2% to 54¢. No loss prov. Shares: Hold; EPS sensitive to prime
- 5-REPUBLIC MTG (6/10/4-ST mtg.-Dec FY) VOTING NON-REIT POWER. Port.: \$69M, 80% nonearning; Mix: 27% land acq. & devel., 26% condo, 11 1/2% townhouse. Financing: 3.1 leverage; \$36.7M credit to Dec. '76 at 2% cash plus contingent inter.; Redeemed \$4.6M debentures in April. Results: Sep. Q EPS d53¢ v. d85¢ after 67¢ gain & \$1.02 LRP. Shares: Avoid
- 2-RIVIERE REALTY (1/13/5-Eq&Mtg.-Dec FY) Port.: \$22M, 2% nonearning; Mix: 37% apts., 23% office, 16% motel; 44% D.C. area, 42% Indiana. Financing: 2.4 leverage, mainly mtgs. on property; \$3.5M open line at 1 1/2% over prime. Results: Sep. Q EPS 63¢ after 46¢ gain v. 18¢; CFS 26¢ before gain v. 28¢; Dec. Div. 25¢ unch. Shares: Buy/hold more speculative yield

RELATIVE APPEAL RANKINGS - continued from page 7

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- *5-SAN FRANCISCO RE (was US LSG) (8/27/6-Eq&Mtg.-Dec FY) Self-adm. Port.: \$64M, 26% nonearn; Mix: 50% office, most bank-occupied; 21% apts. Financing: 1.3 leverage, 65% by mtgs. on prop. Results: Sep. Q EPS 13c after 39c loss prov. & 10c gain v. dl;c; CFS 16c v. 11c; Tender: Bass Bros. failed to get 300,000 sh. @ \$7 in June. Shares: Buy/hold; other tenders possible
- *5-SAUL (B.F.) REIT (2/13/6-Eq&Mtg.-Sep FY) CAN END REIT. Port.: \$312M, 16% non- & 38% low-earning; Mix: 29% deliberately acquired prop., 37% foreclosures held for invest., 28% mtgs.; Owned prop. is 41% shop. ctrs., 38% apartments; Financing: 6.2 leverage; \$178M revolver at 1-1/8% over prime + 10% comp. balances thru 3/77; Results: Sep. Q EPS d62c after 17c loss prov. v. d62c after 15c loss prov.; Sep. FY d\$2.14. Bonds & converts: For yield. Shares: Long-term recovery or buyout
- *5-SECURITY MTG (8/27/6-Inter. Mtg.-Sep FY) CAN END REIT. Port.: \$170M, 31% non-earning; Mix: 39% one-family home improvement second mtgs., 45% commercial mtgs., 16% mtgs. on medical facilities; Settlement completed with servicer of \$28M bankrupt, \$4M loss. Financing: 3.2 leverage; \$61M short term at 120% of prime to Feb. 28, '77; Results: Sep. Q EPS d\$1.18 after 62c loss & 34c loss prov. v. d19c. Sep. FY EPS d\$2.10. Bonds: Attractive for yield, 7% high-grade speculation. Shares: Trading
- 5-STATE MUTUAL (5/13/4-LT mtg.-Mar. FY) NON-QUAL REIT. Port.: \$120M, 68% nonearn; Mix: 10% condos, 35% apts.; 14% land. Financing: High leverage; \$67M credit expired July 31 & renegotiating for low inter.; Results: Sep. Q d\$1.65 after \$1.13 loss prov. v. d59c. Tender: Banks opposing sponsor proposed tender for notes, converts, shares. Bonds: Buyout. Shares: Risky
- *5-SUMMIT PROP (6/25/6-Equity-Oct FY) Port.: \$51M, 7% nonearning; Mix: 46% shopping centers; has rented one of four closed Grant stores; Financing: 3.4 leverage; \$5M secured bank debt extended to 5/79 @ 2 1/2% over prime. Results: July Q EPS d10c after 4c cap. gain v. dl;c; CFS d2c before 23c capital gain, v. dl;c. Shares: Buy for long-term recovery
- *5-SUTRO MTG INV (10/8/6-ST mtg.-Mar FY) Port.: \$76M, 16% non- & 24% low-earn; 36% foreclosed; Mix: 29% apts., 27% hotel/motel, 16% office; Financing: 1.1 leverage; \$43M credit lines incl. \$5.4M backup lines for commercial paper; Results: Sep. Q EPS 1c after 13c loss prov. v. d8c; Sees FY '77 profit. Converts: Safe yield. Shares: Buy long-term recovery
- #5-TMC MTG INV (12/9/4-ST mtg.-Mar FY) Port.: \$43M, 100% non-earning; Mix: All condos & houses, Fla. & Puerto Rico; Financing: Negative equity; Negot. credit at 1% + conting. inter.; swapped many assets; Results: June Q EPS d29c. ASE trading halt. No auditor's opinion. Shares: Avoid till credit pact signed
- 5-TEXAS FIRST MTG (11/12/3-ST mtg.-June FY) NON-QUAL REIT. Self-adm. Port.: \$34M, 76% nonearn; Mix: 56% land, 7% office, 5% warehouse; Financing: 2.9 leverage; \$27M credit at prime to 3/78, max. 8%, 3% pay in cash; assets pledged; Asset swap; Results: Sep. Q EPS d5c v. dl;c. Shares: Speculation on Texas land recovery
- ↑ 5-TIERCO (was GULF SOUTH) (No review-ST mtg.-Dec FY) NON-QUAL REIT. Self-adm. Port.: \$63M, 85% nonearn; Mix: 41% apts., 18% undevel. land; heavy Okla.; Financing: 11.1 leverage; \$37M credit at 5% minimum inter. plus deferrals, to Dec. '76; initiating swaps. Results: Sep. Q EPS d31c after 6c loss recovery v. d28c after 16c loss prov. Shares: Highly speculative
- 5-TRI-SOUTH MTG (10/14/4-ST mtg.-Dec FY) NON-QUAL REIT. Port.: \$226M, 74% nonearning; Mix: 36% land & devel., 9% apts., 9% condos; 38% foreclosed; 25% Ga., 21% Tex., 18% Fla.; Financing: High leverage; \$154M credit at 4% cash inter., + conting. inter.; \$65M bids for \$150M swap; can't reduce debt. Results: Sep. Q EPS d66c after 13c loss prov. v. d43c. Bonds: Buyouts. Shares: Avoid
- ↑ *5-UMET TRUST (11/12/3-ST mtg.-Nov FY) NON-QUAL REIT. Self-adm. Port.: \$133M, 46% nonearn; Mix: 23% condos, 21% apts., 18% shop. ctrs., 15% office; Financing: 11.5 leverage; \$89M credit to 8/79 at 6% + contingent int.; \$2.8M bank suit settled. Results: Aug. Q EPS d\$1.38 after 66c loss prov. v. d\$2.36 after \$1.55 loss prov. Shares: Speculative possibilities, some prop. recovering
- ↑ 2-UNITED REALTY (9/24/6-LT mtg.-Nov FY) Port.: \$85M, 42% non- & low-earning; Mix: 23% GNMA's (pledged), 24% office, 17% apts.; Financing: 0.3 leverage; Pledged GNMA's to repay banks \$15M; Results: Nov. Q EPS 17c v. 16c after 2c loss prov.; Nov. FY EPS 62c; Div. 18c v. 16c. Shares: Buy for benefits from gradual problem loan solution
- ↑ *5-US BANCORP TRUST (7/15/4-Eq&Mtg.-May FY) Port.: \$64M, 27% nonearn & 12% low; Mix: 45% property owned or under construction, half industrial, half office; Financing: Leverage 3.3; \$31M credit to 12/77, same interest; Results: Nov. Q EPS d29c v. d41c after \$1.03 loss prov.; accruing on \$6M problem loans. Converts: Low but safe yield. Shares: Long term recovery
- 5-US REALTY INV (10/8/6-Eq&Mtg.-Dec FY) NON-QUAL REIT. Port.: \$117M, 22% nonearn & 15% low; Mix: 48% mtgs., 46% owned property, 6% joint ventures; Financing: 7.0 leverage; seeks low rate and swaps on bank debt; Results: Sep. Q EPS d38c after 9c loss prov. v. d48c after 23c loss prov.; CFS d25c v. d36c. Converts: OK for risk income. Shares: Long-term recovery; leverage high
- ↑ *5-VIRGINIA RE (12/10/6-Eq&Mtg.-Dec FY) Self-adm. Port.: \$42M, 17% nonearning; Mix: 70% property, 13% mtgs.; 17% foreclosed; Financing: 2.3 leverage, 68% mtgs. on property; \$8M bank term loan at 3% over prime extended to Mar. 31, '81. Results: Sep. Q EPS 11c v. 9c; CFS 22c v. 16c; Intends paying 90% of 1976 taxable income; no quarterly rate. Shares: Long term recovery
- 5-WACHOVIA REALTY (10/14/4-ST mtg.-Aug FY) Port.: \$127M, 73% nonearning; Mix: 20% apts., 17% land & devel., 13% comcl., 13% hotel/motel; Financing: 1.8 leverage; \$85M revolving credit to 7/79 at prime + contingent interest at 125% of prime. Results: Nov. Q EPS d31c after 12c loss prov. v. d\$1.44 after \$1.08 loss prov. Shares: Very long term recovery
- 5-WALTER REALTY (3/11/4-Eq&Mtg.-July FY) NON-QUAL REIT. Port.: \$53M, 54% nonearn; 50% equity. Mix: 25% industrial, 15% one-family; 15% land, 12% mobile, 12% office; 49% Fla. Financing: 3.1 leverage; \$24 1/2M 2-yr credit @ 117% prime; Results: Oct. Q EPS d30c v. d\$3.83 after \$3.92 loss prov. Shares: Long recovery
- ↓ 2-WASHINGTON REIT (5/14/6-Equity-Dec FY) Port.: \$28M, no nonearning; Mix: All property, 98% in Washington, D.C. area; 68% high-rise apts., 19% shop. ctrs., 13% distrib.-office. Financing: 0.9 leverage, mostly mtg. debt. Results: Sep. Q EPS 41c v. 43c; June CFS 48c v. 45c; Sep. div up 13c to 44c from 39c. Shares: Hold for income
- 3-WELLS FARGO MTG (12/10/6-ST mtg.-June FY) Port.: \$172M, 14% non- & 25% low-earning; Mix: 43% apts., 12% development, 7% condo. Financing: 1.9 leverage; Borrows under \$171 1/2M open lines backing \$90M commercial paper; New commit. Results: Sep. Q EPS 11c v. 14c after 14c loss prov.; div 12c v. 10c. Shares: Buy/hold for recovery
- 5-WESTERN MTG (6/11/3-ST mtg.-Feb FY) Port.: \$21M, 26% nonearning, 8% partial earning; Mix: 24% land acq. & devel., 20% apts., 15% one-family, 14% office. Financing: 2.0 leverage; \$11 1/2M revolver at 1/2% over prime, plus \$2 1/2M from banks payable over 2 1/2 yrs. Results: Aug. Q EPS d12c v. d7c. Shares: Trading
- ↑ *5-WISCONSIN REI FUND (No review-Equity-Dec FY) NON-QUAL REIT. Self-adm. Port.: \$39M, 10% nonearning; Mix: 86% property, 9% foreclosures, 4% mtgs. Financing: 4.4 leverage, most mtg. debt; \$8M comm. paper. Results: Sep. Q EPS 2c after 10c gain v. d70c after 6c gain & 69c settlement loss; No div. Sold \$11M prop. 1/77. Shares: Speculation on turnaround by new management

REIT STATUS is shown to indicate whether a trust intends paying 90% of taxable earnings as dividends and thus remain qualified for conduit income tax treatment. Three stages in status are shown: VOTING POWER TO END REIT STATUS, when a proposal is pending before shareholders to give trustees discretion over whether to continue to qualify; CAN END REIT STATUS, when shareholders have given trustees power to end qualification; and NON-QUAL REIT, when trustees have ended qualification.